

HB 2598

Bill Analysis

February 3, 1998

Brief Description: Modifying property tax exemptions for nonprofit organizations.

Bill Sponsors: Representatives Radcliff, McDonald, Pennington, Dickerson, Mastin, Dunshee, O'Brien, Mulliken, Cole, Conway, Mason, Wood and Ogden.

Staff: Linda Brooks, 786-7153

Background: All property in this state is subject to the property tax each year based on the property's value unless a specific exemption is provided by law.

Several property tax exemptions exist for nonprofit organizations. Some exemptions apply only to property owned by a nonprofit organization, and other exemptions apply to property either owned or leased by a nonprofit. When a nonprofit organization receives a tax exemption for leased property, the benefit of the property tax reduction, in the form of reduced lease rents, must inure to the nonprofit organization. Examples of some nonprofit property tax exemptions are:

PROPERTY TAX EXEMPTIONS FOR NONPROFIT ORGANIZATIONS

Exempt on Owned Property Only

- Character Building, Benevolent, Protective or Rehabilitative Social Service Organizations
- Churches and Church Camps
- Youth Character Building Organizations
- War Veterans' Organizations
- Water Distribution Property
- Nonprofit Nature Conservancy Organization
- Public Assembly Halls
- Medical Research or Training facilities
- Art, Scientific, or Historical Collections
- Sheltered Workshops
- Fair Associations
- Humane Societies

Exempt on Owned or Leased Property

- Free Public Libraries
- Orphanages
- Nursing Homes
- Hospitals
- Homes for the Aging
- Schools and Colleges
- Day Care Centers
- Radio/TV Rebroadcast Facilities
- Performing Arts Properties
- Homeless Shelters
- Outpatient Dialysis Facilities
- Blood Banks

Real or personal property owned by a nonprofit organization and used for emergency or transitional housing for low-income persons or victims of domestic violence is exempt from property taxes. This exemption for owned property does not expire.

Real or personal property *leased* by a nonprofit organization and used for emergency or transitional housing for low-income persons or victims of domestic violence is also exempt from property taxes for a limited period of time. This exemption for leased property only applies to property taxes levied for collection in 1991 through 1999.

Summary of Bill: The property tax exemption granted for real or personal property leased by a nonprofit organization and used for emergency or transitional housing for low-income persons or victims of domestic violence is made permanent.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which the bill is passed.